

BELL OPERATING COMPANY

DATA PROCESSING COSTS

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BELL OPERATING COMPANY  
DATA PROCESSING COSTS

INITIAL DATA  
FOR  
GTE I.M. PLANNING

JULY 31, 1984

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Y-FCC  
1984

AUTHOR

BELL OPERATING COMPANY

TITLE

DATA PROCESSING COSTS

DATE  
LOANED

BORROWER S NAME



BELL OPERATING COMPANIES  
ACCOUNTING DP EXPENSES PER LINE  
RANK ORDER BY TOTAL  
1983

<u>Company</u>	<u>Customer</u>	<u>Corporate</u>	<u>General</u>	<u>Total Accounting</u>
Wisconsin	\$ 6.06	\$ 3.06	\$ 0.88	\$10.00
Pacific	\$ 4.61	\$ 4.00	\$ 0.41	\$ 9.02
Ohio	\$ 5.64	\$ 2.48	\$ 0.52	\$ 8.64
<u>All BOC's</u>	<u>\$ 4.86</u>	<u>\$ 2.86</u>	<u>\$ 0.64</u>	<u>\$ 8.36</u>
Michigan	\$ 5.55	\$ 2.27	\$ 0.27	\$ 8.10
Indiana	\$ 5.22	\$ 2.20	\$ 0.41	\$ 7.83
Pennsylvania	\$ 3.77	\$ 2.42	\$ 0.36	\$ 6.55
Illinois	\$ 4.07	\$ 1.38	\$ 0.34	\$ 5.79
Range	1.61:1	2.90:1	3.26:1	1.73:1

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OPERATING COMPANY DATA PROCESSING EXPENDITURES  
AS A PERCENT OF LINE REVENUE  
(1983)

<u>COMPANY</u>		<u>PERCENT ON DATA PROC.</u>	<u>DOLLARS REVENUE/LINE</u>
1.	Wisconsin	2.98%	\$ 620.84
2.	Pacific Telephone	2.45%	\$ 747.56
3.	Ohio	2.34%	\$ 675.08
4.	Michigan	2.04%	\$ 620.50
5.	Indiana	1.84%	\$ 683.77
6.	Pennsylvania	1.60%	579.77
7.	Illinois	1.58%	- \$ 645.57
All GTE		2.64%	\$ 721.53

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OPERATING COMPANY DATA PROCESSING EXPENDITURES  
PER EMPLOYEE, RANK ORDER  
(1983)

	<u>COMPANY</u>	<u>DOLLARS PER EMPLOYEE</u>	<u>NUMBER OF EMPLOYEES</u>
1.	Wisconsin	\$ 2,952.38	9,278
2.	Ohio	\$ 2,269.04	20,420
3.	Pacific Telephone	1,877.77	97,647
4.	Michigan	\$ 1,856.38	24,745
5.	Indiana	\$ 1,801.24	9,640
6.	Illinois	\$ 1,514.98	31,155
7.	Pennsylvania	\$ 1,447.94	28,683
	All GTE	\$ 2,074.08	- 91,004

RANGE = 2.04:1

MEAN = 1845.93

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OPERATING COMPANY REVENUE PER EMPLOYEE  
(1983)

	<u>COMPANY</u>	<u>RPE</u>	<u>LINES/ EMPLOYEE</u>
1.	Wisconsin	\$ 99,216	159.8
2.	Indiana	\$ 97,775	143.0
3.	Illinois	\$ 95,561	148.0
4.	Ohio	\$ 95,510	141.5
5.	Michigan	\$ 90,952	146.6
6.	Pennsylvania	\$ 90,474	156.1
7.	Pacific Telephone	\$ 82,083	109.8
	All GTE	\$ 77,780	107.8
-			
	RANGE, LINES/EMPLOYEES =	1.46:1	
	MEAN, LINES/EMPLOYEES =	131.7	
	RANGE, RPE	1.21:1	
	MEAN, RPE	\$ 87,789	

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OPERATING COMPANY 1983 DATA PROCESSING EXPENDITURES  
BY CLASSIFICATION

ALL OPERATING COMPANIES

	<u>AMOUNT</u>	<u>DOLLARS PER LINE</u>
Customer Accounting		
Data Preparation	\$ 18,555,309	
Data Processing	\$233,779,952	
Design, Development and Maintenance	\$143,730,979	
Other	\$ 19,202,396	
	<hr/> \$415,268,636	\$ 4.86
Corporate Accounting		
Data Preparation	\$ 15,589,845	
Data Processing	\$109,728,407	
Design, Development and Maintenance	\$105,914,242	
Other	\$ 13,260,319	
	<hr/> \$244,292,813	\$ 2.86
General Accounting		
Data Preparation	\$ 682,752	
Data Processing	\$ 21,195,339	
Design, Development and Maintenance	\$413,408,502	
Other	\$ 19,789,165	
	<hr/> \$ 55,075,758	\$ 0.64

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OPERATING COMPANY 1983 DATA PROCESSING EXPENDITURES  
BY CLASSIFICATION

ALL OPERATING COMPANIES - (continued)

	<u>AMOUNT</u>	<u>DOLLAR PER LINE</u>
Traffic Data Processing Combined	\$247,528,744	\$ 2.90
Computer Services	Not Available	X
Total Centralized Data Processing	\$962,365,951	\$ 11.26 (EX C/S)
Percent Accounting	- XX	
Percent Traffic	XX	
Percent Services	XX	
	<hr/> 100.0%	

NOTE: Seven companies in sample represent 34.14% of Bell 1983 average access lines; 28.8% of employment and 28.9% of operating revenues.

1983 Average Bell RPE = \$87,838

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OPERATING COMPANY 1983 DATA PROCESSING EXPENDITURES  
BY CLASSIFICATION

PACIFIC TELEPHONE

	<u>AMOUNT</u>	<u>DOLLARS PER LINE</u>
Customer Accounting		
Data Preparation	\$ 3,132,826	
Data Processing	\$ 27,517,299	
Design, Development and Maintenance	\$ 13,999,487	
Other	\$ 1,565,163	
	<hr/> \$ 46,214,775	\$ 4.61
Corporate Accounting		
Data Preparation	\$ 3,876,222	
Data Processing	\$ 19,299,816	
Design, Development and Maintenance	-	
Other	\$ 15,888,826	
	<hr/> \$ 976,033	
	\$ 40,040,896	\$ 4.00
General Accounting		
Data Preparation	\$ 24,303	
Data Processing	\$ 1,287,155	
Design, Development and Maintenance	\$ 1,619,951	
Other	\$ 1,225,448	
	<hr/> \$ 4,156,858	\$ 0.41

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OPERATING COMPANY 1983 DATA PROCESSING EXPENDITURES  
BY CLASSIFICATION

PACIFIC TELEPHONE - (continued)

	<u>AMOUNT</u>	<u>DOLLAR PER LINE</u>
DP Accounting Total	\$ 90,412,529	\$ 9.02
Total Accounting Expense	\$190,065,022	\$ 18.97
Total Operating Expense	\$6,135,643,779	\$ 612.45
Percent DP of Accounting Total	47.6%	
Percent Accounting of Total Operating Expense	3.10%	
 Traffic Data Processing (combined)	 \$ 34,505,659	 \$ 3.44
 Computer Services	 \$ 58,440,824	 \$ 5.83
 Total Centralized Data Processing	 \$183,359,012	 \$ 18.30
 Percent Accounting	 49.3%	
Percent Traffic	18.8%	
Percent Services	31.9%	
	<hr/> 100.0%	

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OPERATING COMPANY 1983 DATA PROCESSING EXPENDITURES  
BY CLASSIFICATION

ILLINOIS TELEPHONE

	<u>AMOUNT</u>	<u>DOLLARS PER LINE</u>
Customer Accounting		
Data Preparation	\$ 1,770,316	
Data Processing	\$ 9,867,026	
Design, Development and Maintenance	\$ 6,263,014	
Other	\$ 848,555	
	<hr/> \$ 18,748,911	\$ 4.07
Corporate Accounting		
Data Preparation	\$ 475,376	
Data Processing	\$ 2,546,700	
Design, Development and Maintenance	\$ 3,189,668	
Other	\$ 158,202	
	<hr/> \$ 6,369,947	\$ 1.38
General Accounting		
Data Preparation	\$ 49,499	
Data Processing	\$ 429,994	
Design, Development and Maintenance	\$ 290,930	
Other	\$ 792,097	
	<hr/> \$ 1,562,521	\$ 0.34

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OPERATING COMPANY 1983 DATA PROCESSING EXPENDITURES  
BY CLASSIFICATION

ILLINOIS TELEPHONE - (continued)

	<u>AMOUNT</u>	<u>DOLLAR PER LINE</u>
DP Accounting Total	\$ 26,681,379	\$ 5.79
Total Accounting Expense	\$ 74,263,112	
Total Operating Expense	\$1,935,560,310	
Percent DP of Accounting Total	35.9%	
Percent Accounting of Total Operating Expense	3.84%	
 Traffic Data Processing (combined)	 \$ 7,019,507	 \$ 1.52
 Computer Services	 \$ 13,498,318	 \$ 2.93
 Total Centralized Data Processing	 \$ 47,199,204	 \$ 10.23
  Percent Accounting	  56.5%	
Percent Traffic	14.9%	
Percent Services	28.6%	
	<hr/> 100.0%	

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OPERATING COMPANY 1983 DATA PROCESSING EXPENDITURES  
BY CLASSIFICATION

PENNSYLVANIA BELL

	<u>AMOUNT</u>	<u>DOLLARS PER LINE</u>
Customer Accounting		
Data Preparation	\$ 854,084	
Data Processing	\$ 9,620,171	
Design, Development and Maintenance	\$ 5,803,506	
Other	\$ 597,310	
	<hr/> \$ 16,875,073	\$ 3.77
Corporate Accounting		
Data Preparation	\$ 876,257	
Data Processing	\$ 4,677,655	
Design, Development and Maintenance	\$ 5,037,423	
Other	\$ 260,142	
	<hr/> \$ 10,851,479	\$ 2.42
General Accounting		
Data Preparation	\$ 5,870	
Data Processing	\$ 322,266	
Design, Development and Maintenance	\$ 791,138	
Other	\$ 479,671	
	<hr/> \$ 1,598,946	\$ 0.36

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OPERATING COMPANY 1983 DATA PROCESSING EXPENDITURES  
BY CLASSIFICATION

PENNSYLVANIA BELL - (continued)

	<u>AMOUNT</u>	<u>DOLLAR PER LINE</u>
DP Accounting Total	\$ 29,325,498	\$ 6.55
Total Accounting Expense	\$ 72,581,852	\$ 16.22
Total Operating Expense	\$ 1,691,567,322	\$ 377.92
Percent DP of Accounting Total	40.4%	
Percent Accounting of Total Operating Expense	4.3%	
 Traffic Data Processing (combined)	 \$ 7,863,658	 \$ 1.76
	-	
Computer Services	\$ 4,342,152	\$ 0.97
Total Centralized Data Processing	\$ 41,531,308	\$ 9.28
 Percent Accounting	 70.5%	
Percent Traffic	19.0%	
Percent Services	10.5%	
	<hr/> 100.0%	

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OPERATING COMPANY 1983 DATA PROCESSING EXPENDITURES  
BY CLASSIFICATION

MICHIGAN BELL

	<u>AMOUNT</u>	<u>DOLLARS PER LINE</u>
Customer Accounting		
Data Preparation	\$ 291,401	
Data Processing	\$ 13,874,466	
Design, Development and Maintenance	\$ 5,025,024	
Other	\$ 942,771	
	<hr/> \$ 20,133,360	\$ 5.55
Corporate Accounting		
Data Preparation	\$ 716,872	
Data Processing	\$ 4,542,177	
Design, Development and Maintenance	\$ 2,629,512	
Other	\$ 359,039	
	<hr/> \$ 8,247,600	\$ 2.27
General Accounting		
Data Preparation	\$ 24,205	
Data Processing	\$ 237,053	
Design, Development and Maintenance	\$ 255,870	
Other	\$ 464,317	
	<hr/> \$ 981,445	\$ 0.27

**INPUT**



OPERATING COMPANY 1983 DATA PROCESSING EXPENDITURES  
BY CLASSIFICATION

MICHIGAN BELL - (continued)

	<u>AMOUNT</u>	<u>DOLLAR PER LINE</u>
DP Accounting Total	\$ 29,362,405	\$ 8.10
Total Accounting Expense	\$ 71,183,135	\$ 19.63
Total Operating Expense	\$ 1,547,579,112	\$ 426.67
Percent DP of Accounting Total	41.6%	
Percent Accounting of Total Operating Expense	4.6%	
 Traffic Data Processing (combined)	 \$ 5,557,581	 \$ 1.53
Computer Services	\$ 11,015,887	\$ 3.04
Total Centralized Data Processing	\$ 45,936,173	\$ 12.66
 Percent Accounting	 64.0%	
Percent Traffic	12.1%	
Percent Services	23.9%	
	<hr/> 100.0%	

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OPERATING COMPANY 1983 DATA PROCESSING EXPENDITURES  
BY CLASSIFICATION

OHIO BELL

	<u>AMOUNT</u>	<u>DOLLARS PER LINE</u>
Customer Accounting		
Data Preparation	\$ 1,108,384	
Data Processing	\$ 6,410,638	
Design, Development and Maintenance	\$ 8,035,083	
Other	\$ 733,334	
	<hr/> \$ 16,287,440	\$ 5.64
Corporate Accounting		
Data Preparation	\$ 507,725	
Data Processing	\$ 1,483,657	
Design, Development and Maintenance	\$ 4,798,243	
Other	\$ 370,890	
	<hr/> \$ 7,160,515	\$ 2.48
General Accounting		
Data Preparation	\$ 42,407	
Data Processing	\$ 509,357	
Design, Development and Maintenance	\$ 334,136	
Other	\$ 611,048	
	<hr/> \$ 1,496,948	\$ 0.52

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OPERATING COMPANY 1983 DATA PROCESSING EXPENDITURES  
BY CLASSIFICATION

OHIO BELL - (continued)

	<u>AMOUNT</u>	<u>DOLLAR PER LINE</u>
DP Accounting Total	\$ 24,944,893	\$ 8.64
Total Accounting Expense	\$ 57,216,333	\$ 19.80
Total Operating Expense	\$ 1,229,113,925	\$ 425.45
Percent DP of Accounting Total	43.6%	
Percent Accounting of Total Operating Expense	4.7%	
 Traffic Data Processing (combined)	 \$ 7,708,764	 \$ 2.67
Computer Services	\$ 13,680,177	\$ 4.74
Total Centralized Data Processing	\$ 46,333,844	\$ 16.04
 Percent Accounting	 53.7%	
Percent Traffic	16.7%	
Percent Services	29.6%	
	<hr/> 100.0%	

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OPERATING COMPANY 1983 DATA PROCESSING EXPENDITURES  
BY CLASSIFICATION

WISCONSIN TELEPHONE

	<u>AMOUNT</u>	<u>DOLLARS PER LINE</u>
Customer Accounting		
Data Preparation	\$ 17,977	
Data Processing	\$ 4,300,423	
Design, Development and Maintenance	\$ 4,126,329	
Other	\$ 537,475	
	<hr/> \$ 8,982,204	\$ 6.06
Corporate Accounting		
Data Preparation	\$ 2,816	
Data Processing	\$ 1,734,068	
Design, Development and Maintenance	\$ 2,461,184	
Other	\$ 339,703	
	<hr/> \$ 4,537,770	\$ 3.06
General Accounting		
Data Preparation	\$ 105	
Data Processing	\$ 363,577	
Design, Development and Maintenance	\$ 296,294	
Other	\$ 640,933	
	<hr/> \$ 1,300,910	\$ 0.88

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OPERATING COMPANY 1983 DATA PROCESSING EXPENDITURES  
BY CLASSIFICATION

WISCONSIN BELL - (continued)

	<u>AMOUNT</u>	<u>DOLLAR PER LINE</u>
DP Accounting Total	\$ 14,820,884	\$ 10.00
Total Accounting Expense	\$ 33,044,729	\$ 22.29
Total Operating Expense	\$586,420,606	\$ 395.50
Percent DP of Accounting Total	44.9%	
Percent Accounting of Total Operating Expense	5.63%	
 Traffic Data Processing (combined)	 \$ 4,288,686	 \$ 2.89
Computer Services	\$ 8,282,570	\$ 5.59
Total Centralized Data Processing	\$ 27,392,140	\$ 18.47
 Percent Accounting	 54.1%	
Percent Traffic	15.6%	
Percent Services	30.3%	
	<hr/> 100.0%	

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OPERATING COMPANY 1983 DATA PROCESSING EXPENDITURES  
BY CLASSIFICATION

INDIANA BELL

	<u>AMOUNT</u>	<u>DOLLARS PER LINE</u>
Customer Accounting		
Data Preparation	\$ 441,162	
Data Processing	\$ 3,107,463	
Design, Development and Maintenance	\$ 3,410,480	
Other	\$ 229,567	
	<hr/> \$ 7,188,673	\$ 5.22
Corporate Accounting		
Data Preparation	\$ 227,679	
Data Processing	\$ 1,356,891	
Design, Development and Maintenance	\$ 1,330,261	
Other	\$ 118,484	
	<hr/> \$ 3,033,316	\$ 2.20
General Accounting		
Data Preparation	\$ 32,549	
Data Processing	\$ 84,633	
Design, Development and Maintenance	\$ 139,467	
Other	\$ 304,916	
	<hr/> 561,567	\$ 0.41

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OPERATING COMPANY 1983 DATA PROCESSING EXPENDITURES  
BY CLASSIFICATION

INDIANA BELL - (continued)

	<u>AMOUNT</u>	<u>DOLLAR PER LINE</u>
DP Accounting Total	\$ 10,783,556	\$ 7.83
Total Accounting Expense	\$ 29,046,252	\$ 21.08
Total Operating Expense	\$600,641,738	\$ 435.82
Percent DP of Accounting Total	37.1%	
Percent Accounting of Total Operating Expense	4.84%	
 Traffic Data Processing (combined)	 \$ 5,085,372	 \$ 3.69
Computer Services	\$ 1,485,018	\$ 1.08
 Total Centralized Data Processing	 \$ 17,353,946	 \$ 12.59
 Percent Accounting	 62.1%	
Percent Traffic	29.3%	
Percent Services	8.6%	
	<hr/> 100.0%	

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GROWTH OF ACCOUNTING DP EXPENSES  
AT ALL OPERATING COMPANIES  
1982 - 1983

	<u>1982</u>	<u>1983</u>	<u>% CHANGE</u>
<u>Customer Accounting</u>			
Data Preparation	\$ 18,608,873	\$ 18,555,309	(0.29)
Data Processing	\$231,248,867	\$233,779,952	1.09
Design, Development and Maintenance	\$115,002,182	\$143,730,979	24.98
Other	<u>\$ 18,290,088</u>	<u>\$ 19,202,396</u>	<u>4.99</u>
	\$383,150,010	\$415,268,636	8.4%
<u>Corporate Accounting</u>			
Data Preparation	\$ 15,874,684	\$ 15,589,845	(1.74)
Data Processing	\$101,188,903	\$109,728,407	8.44
Design, Development and Maintenance	\$ 93,994,714	\$105,914,242	12.68
Other	<u>\$ 15,442,021</u>	<u>\$ 13,260,319</u>	<u>(14.13)</u>
	\$226,500,322	\$244,492,813	7.94%
<u>General Accounting</u>			
Data Preparation	\$ 471,443	\$ 682,752	44.82
Data Processing	\$ 25,009,284	\$ 21,195,339	(15.52)
Design, Development and Maintenance	\$ 13,528,519	\$ 13,408,502	(0.89)
Other	<u>\$ 21,955,594</u>	<u>\$ 19,789,165</u>	<u>(9.87)</u>
	\$ 60,964,840	\$ 55,075,758	(9.66)

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GROWTH OF ACCOUNTING DP EXPENSES  
AT ALL OPERATING COMPANIES  
1982 - 1983

Total Accounting DP	\$670,615,172	\$714,837,207	6.59%
All Accounting Expense	\$1,750,239,335	\$1,878,966,964	7.35%
All Oper. Expense	\$44,863,247,733	\$46,193,037,612	2.96%

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GROWTH OF ACCOUNTING DP EXPENSES  
IN SIX BELL OPERATING COMPANIES, 1982-1983  
(RANK ORDER)

	<u>1982</u>	<u>1983</u>	<u>% CHANGE</u>
<u>Michigan</u>			
Customer Accounting	\$ 14,244,974	\$ 20,133,360	41.3%
Corporate Accounting	\$ 7,694,795	\$ 8,247,600	7.2%
General Accounting	<u>\$ 2,496,294</u>	<u>\$ 981,445</u>	<u>(60.7)</u>
TOTAL ACCOUNTING	\$ 24,436,063	\$ 29,362,405	20.2%
<u>Ohio</u>			
Customer Accounting	\$ 13,468,667	\$ 16,287,440	20.9%
Corporate Accounting	\$ 7,636,613	\$ 7,160,515	(6.2)
General Accounting	<u>\$ 1,217,860</u>	<u>\$ 1,496,948</u>	<u>22.9%</u>
TOTAL ACCOUNTING	\$ 22,323,140	\$ 24,944,893	12.0%
<u>Pennsylvania</u>			
Customer Accounting	\$ 14,825,947	\$ 16,875,073	13.8%
Corporate Accounting	\$ 9,391,181	\$ 10,851,471	15.5%
General Accounting	<u>\$ 3,602,775</u>	<u>\$ 1,598,946</u>	<u>(55.6)</u>
TOTAL ACCOUNTING	\$ 27,819,903	\$ 29,325,490	5.4%
<u>Wisconsin</u>			
Customer Accounting	\$ 7,903,087	\$ 8,982,204	13.7%
Corporate Accounting	\$ 4,269,265	\$ 4,537,770	6.3%
General Accounting	<u>\$ 2,169,331</u>	<u>\$ 1,300,410</u>	<u>(40.0)</u>
TOTAL ACCOUNTING	\$ 14,341,683	\$ 14,820,884	3.3%

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GROWTH OF ACCOUNTING DP EXPENSES  
IN SIX BELL OPERATING COMPANIES, 1982-1983  
(RANK ORDER)

	<u>1982</u>	<u>1983</u>	<u>% CHANGE</u>
<u>Illinois</u>			
Customer Accounting	\$ 18,517,443	\$ 18,748,911	1.3%
Corporate Accounting	\$ 6,480,920	\$ 6,369,947	(1.7)
General Accounting	<u>\$ 1,462,993</u>	<u>\$ 1,562,521</u>	<u>6.8</u>
TOTAL ACCOUNTING	\$ 26,461,356	\$ 26,681,379	0.8%
<u>Indiana</u>			
Customer Accounting	\$ 6,946,564	\$ 7,188,673	3.5%
Corporate Accounting	\$ 3,210,375	\$ 3,033,316	(5.5)
General Accounting	<u>\$ 537,887</u>	<u>\$ 561,567</u>	<u>4.4</u>
TOTAL ACCOUNTING	\$ 10,694,826	<u>\$ 10,783,556</u>	0.8
<u>Group</u>			
	\$126,076,971	\$135,918,607	7.81%

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